

Message Text

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ORIGIN EB-08

INFO OCT-01 NSC-05 TRSE-00 AF-10 ARA-14 EA-12 EUR-12
NEA-10 IO-14 SIG-03 MMO-04 AGRE-00 CIAE-00
COME-00 INR-10 LAB-04 NSAE-00 SP-02 STR-07 FRB-01
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INFORM CONSULS

E.O. 11652: N/A

TAGS: EFIN, ENRG, US

SUBJECT: STATEMENTS BY PRESIDENT AND VICE PRESIDENT ON
U.S. TRADE DEFICIT IN FEBRUARY

FOLLOWING IS THE TEXT OF A STATEMENT BY VICE PRESIDENT
MONDALE, MARCH 31, 1978:

THE RESULTS FOR THE U.S. MERCHANDISE TRADE BALANCE
WERE RELEASED TODAY AT 10:00 A.M. THE TRADE DEFICIT IN
FEBRUARY INCREASED TO \$4.5 BILLION FROM \$2.4 BILLION IN
JANUARY. EXPORTS FELL SLIGHTLY (BY \$0.1 BILLION) TO
\$9.9 BILLION; IMPORTS ROSE BY \$2 BILLION TO \$14.5 BILLION.
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THE PRESIDENT DISCUSSED THESE FIGURES WITH CEA
CHAIRMAN SCHULTZE THIS MORNING. HE ALSO ASKED ME TO ISSUE
THE FOLLOWING STATEMENT ON HIS BEHALF. (BEGIN STATEMENT
BY PRESIDENT)

QUOTE: THE TRADE DATA FOR A SINGLE MONTH ARE EXTREMELY

VOLATILE. DURING A SINGLE MONTH, THERE ARE ALWAYS

SPECIAL FACTORS WHICH DOMINATE THE MONTH-TO-MONTH
MOVEMENT -- AND THIS WAS TRUE IN FEBRUARY. THE
PROLONGED COAL STRIKE AND COLD WEATHER HINDERED EXPORTS.
IN ADDITION, THE INCREASE IN THE VALUE OF FOREIGN
CURRENCIES AT YEAR END MAY HAVE ADDED TO THE IMPORT
BILL. NEVERTHELESS, WE ARE SERIOUSLY CONCERNED AT THIS
FURTHER INCREASE IN OUR TRADE DEFICIT. IT UNDERLINES
ONCE AGAIN THE IMPORTANCE ON THE PART OF THE UNITED
STATES AND OTHER GOVERNMENTS OF DEALING WITH THE
FUNDAMENTAL FACTORS THAT CAUSE LARGE TRADE IMBALANCES.

ON THE PART OF THE UNITED STATES THESE DEVELOPMENTS
UNDERScore THE VERY HIGH COSTS OF CONTINUED DELAY ON
THE ENERGY BILL. IT IS ALSO IMPERATIVE THAT WE MAKE
BETTER PROGRESS IN DEALING WITH INFLATION. I WILL BE
TURNING MY ATTENTION TO BOTH OF THESE PROBLEMS
IMMEDIATELY UPON MY RETURN TO WASHINGTON. IN PARTI-
CULAR, I INTEND TO CONSULT WITH CONGRESSIONAL LEADERS
TO EXPEDITE PROGRESS OF ENERGY LEGISLATION AND ALSO TO
CONSIDER WITH THEM OTHER MAJOR MEASURES ON AN URGENT
BASIS TO REDUCE OIL IMPORTS.

ON THE PART OF FOREIGN COUNTRIES THESE DEVELOPMENTS
AGAIN CALL ATTENTION TO THE NEED FOR COUNTRIES WITH
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CURRENT ACCOUNT SURPLUSES TO TAKE THE NECESSARY ACTIONS
TO BEGIN REDUCING THESE SURPLUSES. UNQUOTE. (END
STATEMENT BY PRESIDENT)

WE HAVE BEEN CONSIDERING A WIDE RANGE ON CONTINGENCY
PLANS ON OIL IMPORTS. ON SPECIFICS WE ARE NOT PREPARED TO
COMMENT FURTHER. WHEN THE PRESIDENT RETURNS, HE WILL TURN
TO THIS PROMPTLY AND START THE CONSULTATIONS MENTIONED IN
THE STATEMENT. (END TEXT) COOPER

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